GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:855
ANSWERED ON:22.11.2002
BANK FRAUDS
PRIYA RANJAN DASMUNSI

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the cases of bank frauds have of late increased considerably;

(b) if so, the number of such cases come to the light during the last three years;

(c) whether the Ghosh Committee recommendations to stop frauds in banks has been implemented in letter and spirit;

(d) if so, the details thereof;

(e) the name of bank employees found connected with these frauds during the above period; and

(f) the action taken against them?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE & COMPANY AFFAIRS (SHRI ANANDRAO V. ADSUL)

(a) & (b):- The Reserve Bank of India (RBI) has informed that during the years 19992000, 2001 and 2002 (upto June) 3185, 3080, 2076 and 1158 cases of frauds have been reported to it by the banks.

(c) & (d):- The RBI has reported that almost all the banks have implemented therecommendations of the Ghosh Committee relating to the prevention of frauds in banks. The recommendations include joint custody of cash and other valuables, reporting of currency chest transactions on a daily basis, adherence to the norms prescribed by RBI on issue and payment of high value drafts, periodic verification of securities, surprise check by Vigilance Cell, surprise inspection of branches, concurrent audit of large branches, rotation of staff, close watch on the operation of newly opened accounts, obtaining photographs of depositors at the time of opening accounts, surprise visit by controlling authorities to the branches and balancing of books by staff other than those who have written them.

(e) & (f):- Banks have taken departmental action against their 127 officials for their involvement in the frauds during the above period.